

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

SB 517 – HB 1749

June 10, 2009

SUMMARY OF AMENDMENT (009578): Deletes the language of the original bill. Authorizes the Department of Economic and Community Development (ECD) to allocate national recovery zone economic development bonds and national recovery zone facility bonds. These bonds are to be allocated among the five large municipalities with a population over 100,000 and all counties in proportion to their relative decline in employment from 2007-2008. Authorizes the Tennessee Local Development Authority (TLDA) to allocate national qualified energy conservation bonds. These bonds are to be allocated among the 15 large municipalities with a population greater than 100,000 and all counties with a population greater than 100,000. These funds are part of the federal American Reinvestment and Recovery Act (ARRA). After bonds are allocated to the local governments by the ECD and TLDA, they will be issued by the local governments.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures - \$151,800

Decrease Local Expenditures – Net Impact – Not Significant/Permissive

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Other Fiscal Impact – Local government will incur an increase of expenditures for debt service on any issued national recovery zone economic development bonds, national recovery zone facility bonds, and national qualified energy conservation bonds. Any such increase cannot be reasonably quantified due to multiple unknown factors such as the principal amount of bonds which are issued, the coupon rates of such bonds, and the term of such bonds.

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Assumptions applied to amendment:

- Any increase in state expenditures for administering the funds is estimated to be not significant.
- Local governments will incur debt service costs as the result of issuing national recovery zone economic development bonds and national recovery zone facility bonds. The increase to local government expenditures are dependent upon several unknown factors such as the number of counties and/or municipalities that issue such bonds, the number of bond issuances let by such counties and/or municipalities, the principal amounts of any bond issuance, the coupon rate on such bonds, and the term of such bonds.
- Given the extent of unknown factors, the increase to local government expenditures cannot be reasonably quantified.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kmc